

Hearing Date: November 18, 2004  
Committee: SASC  
Member: Senator Ensign  
Witness: Honorable Valerie Lynn Baldwin  
Question: #5

**STATUS OF FINANCIAL MANAGEMENT REFORM**

Question: Ms. Baldwin, Mr. Greco, and Mr. Montelongo, are you aware of the legislation requiring review of your Service's business system investments before money is obligated?

Answer: Yes, I am aware of this requirement. The analysis and categorization of our financial systems will be completed in the next six months. We will use the information from this analysis, and work with our Chief Information Officer, to ensure compliance with this requirement. The Army has, through several communications vehicles, disseminated information to the field regarding this requirement. The Army CIO in coordination with ASA (FM&C) has implemented procedures to expedite Army's review of business IT investments prior to submission for OSD certification.

Hearing Date: November 18, 2004  
Committee: SASC  
Member: Senator Ensign  
Witness: Honorable Valerie Lynn Baldwin  
Question: #9

**STATUS OF FINANCIAL MANAGEMENT REFORM**

Question: Ms. Baldwin, Mr. Greco, and Mr. Montelongo, what is your definition of a system and is it the same as the Army, Air Force, and DOD definition of a system?

Answer: In April 2004, the BMMP Steering Committee agreed to the following definition of a system: "A set of information resources organized for the collection, storage, processing, maintenance, use, sharing, dissemination, disposition, display, or transmission of information." This definition is in the DoD IT Registration Guidance dated December 21, 2004, and is consistent with the Army's definition of a system.

Hearing Date: November 18, 2004  
Committee: SASC  
Member: Senator Ensign  
Witness: Honorable Valerie Lynn Baldwin  
Question: #11

**STATUS OF FINANCIAL MANAGEMENT REFORM**

Question: Ms. Baldwin, Mr. Greco, and Mr. Montelongo, each of you appear to have separate architectures and processes and view your Service's systems as a "portfolio." You also refer to various solutions you are developing to your Service's problems. Under the 2005 Authorization Act, domains are established for the Department, with a focus on developing department-wide integrated solutions. Please reconcile how your Service portfolio management reconciles with DOD-wide portfolio management.

Answer: The Army domain structure and portfolio management process will follow published DOD standards. These standards will enable the Army's portfolio to serve as a subset of the larger DOD portfolio. The Single Army Financial Enterprise (SAFE) architecture ensures the Army's financial business systems and processes comply with the DoD Business Enterprise Architecture.

Hearing Date: November 18, 2004  
Committee: SASC  
Member: Senator Ensign  
Witness: Honorable Valerie Lynn Baldwin  
Question: #12

**STATUS OF FINANCIAL MANAGEMENT REFORM**

Question: Ms. Baldwin, Mr. Greco, and Mr. Montelongo, if you are developing Service-specific solutions, how will you address the potential hundreds of interfaces you will need to build between your own solutions, the other Services, and the various DOD-wide systems?

Answer: Our solution, the General Fund Enterprise Business System (GFEBS), focuses on the implementation of a Chief Financial Officer Council (CFOC) certified off the shelf enterprise resource planning system. This solution will be implemented in compliance with the Department's business enterprise architecture (BEA). Implementing an off the shelf product in compliance with the Department's business enterprise architecture facilitates the efficient exchange of data between the other Services and various DOD-wide systems.

Hearing Date: November 18, 2004  
Committee: SASC  
Member: Senator Ensign  
Witness: Honorable Valerie Lynn Baldwin  
Question: #14

### **STATUS OF FINANCIAL MANAGEMENT REFORM**

Question: Ms. Jonas, Ms. Baldwin, Mr. Greco, and Mr. Montelongo, please provide the committee with concrete details of what each Service (and, for Ms. Jonas, the Department as a whole) plans to accomplish within the next 6 months in the area of financial management reform.

Answer:

1. The Army is currently developing cost estimates for meeting open requirements of the Chief Financial Officer Strategic Plan. Calculating these costs will enable the functional proponent responsible for a particular requirement to budget properly and will set a cost benchmark by which to measure our performance in meeting the goals of the plan.
2. The Army will assign responsibility to specific persons for the completion of each task identified in the strategic plan. The CFO Plan delegates 1,183 actionable and specific tasks to 22 functional Army business entities and DoD activities. Establishing a definite and personal level of accountability is the best way to ensure that all of these tasks are accomplished.
3. The Army's chief information officer will formalize an information system governance structure and establish a portfolio management process. Many of the Army's business domains have achieved considerable success in implementing effective portfolio management. Institutionalizing the governance and portfolio management process, the Army will establish a distinctive level of accountability for this important effort.
4. The Army will complete the validation and categorization of its financial management business systems. The process will assess functional, technical and cost information, which will enable us to identify and retire underperforming systems.
5. The Army will continue efforts to improve its Soldier-pay processes. To that end, the Army established in November the Army Soldier Personnel and Pay Council. The council links the pay and personnel communities with the common goal of ensuring that every Soldier is paid on time and in the correct amount. The assistant secretaries for financial management and for manpower and reserve affairs co-chair the council, whose membership also includes the sergeant major of the Army and executives from DFAS, DIHMRS, personnel, and operations. Additionally, the Army intends to develop specific performance metrics that will enable us to isolate and to remediate problem areas in the delivery of timely and accurate pay to our Soldiers. Finally, this council will ensure the Army's readiness for DIHMRS implementation.

6. Finally, the Army will assert Fund Balance With Treasury, a \$89.3 billion general fund balance sheet line item, as ready for audit assessment. Assertion is the first step in a rigorous process culminating in full audit of this line item. This effort complies with the Department's management assertion process and enables an independent assessment for audit readiness.

Hearing Date: November 18, 2004  
Committee: SASC  
Member: Senator Ensign  
Witness: Honorable Valerie Lynn Baldwin  
Question: #15

**STATUS OF FINANCIAL MANAGEMENT REFORM**

Question: Mr. Walker, Ms. Jonas, Ms. Baldwin, Mr. Greco, and Mr. Montelongo, what suggestions can you provide the committee for possible congressional action to assist the Department's financial reform efforts?

Answer: We recognize the importance of transforming our financial enterprise and share the same vision as the Congress. This is a huge undertaking in a large and complex environment, which requires patience and careful planning if we are going to do the job right. We ask Congress to help by conveying the importance of business transformation to the Army's uniformed and civilian leaders. Timely, reliable, accurate financial information is vital to the warfighter, and is critical to producing sound business decisions. Integrated information systems, like those being implemented by the service components in collaboration with BMMP, will provide the warfighter with quality information they can use to make strategic and business decisions. Congressional help in spreading this important message will ensure support from our senior leaders.

Hearing Date: November 18, 2004  
Committee: SASC  
Member: Senator Akaka  
Witness: Honorable Valerie Lynn Baldwin  
Question: #22

**STATUS OF FINANCIAL MANAGEMENT REFORM**

Question: Mr. Walker, you recommend in your testimony that business systems modernization money be appropriated directly to the DOD “domains” and that they, rather than the military departments, are made responsible and accountable for systems investments within their business areas. At present, however, it appears that the DOD domains may not even have the institutional capacity to conduct the comprehensive review and oversight of business modernization spending required by current law. Do you believe that the DOD domains currently have the institutional capability that would be needed to handle direct appropriation of appropriations for all systems investments within their business areas? If not, how would the domains go about building this capability? Ms. Jonas, Ms. Baldwin, Mr. Greco, and Mr. Montelongo, what are your views on this issue of domains.

Answer: The adoption of domains and institutionalization of information technology portfolio management add value to the management and control of the Department’s information technology programs. Under the Defense Business System Management Council (DBSMC), DOD is establishing investment review boards responsible for reviewing and approving IT investments. The Investment Review Boards, established at the DOD level within each domain, will prioritize and review investments in accordance with appropriate requirements. The DBSMC will serve as the final arbiter of conflict between business missions when all other avenues of resolution have failed. The DBSMC will also coordinate the continual alignment of Domain efforts to ensure achievement of broad DoD business transformation goals. The intent is for the investment review boards to leverage existing acquisition program oversight structures, and not invent new oversight requirements.



Hearing Date: November 18, 2004  
Committee: SASC  
Member: Senator Akaka  
Witness: Honorable Valerie Lynn Baldwin  
Question: #24

**STATUS OF FINANCIAL MANAGEMENT REFORM**

Question: Ms. Jonas, Ms. Baldwin, Mr. Greco, and Mr. Montelongo, I would appreciate if each of the comptrollers of the three military departments would provide information about specific steps that have been taken, since the initiation of the business enterprise architecture in July 2001, to upgrade their business systems. In particular, I would appreciate if you would: identify each specific legacy system that your Service has terminated as a result of the business systems modernization program, and the date on which it was terminated; identify each specific legacy system that your Service plans to terminate in the next 24 months, and the target date for terminating the system; provide specific examples of significant changes that your Service has made to its business operation processes and systems, to improve the reliability of data for decision-makers; and provide specific examples of significant corrective actions that your Service has taken to address deficiencies in areas such as environmental liabilities, property, plant, and equipment, material in the possession of contractors, and inventory valuation.

Answer: Since initiation of the business systems modernization program, we have terminated the State Accounting and Budget Reservations System (SABRES), formerly operated by the Army National Guard. This system was terminated in January 2004.

We plan to terminate 25 systems with another 34 marked for possible termination as part of our General Fund Enterprise Business System (GFEBS) program. The 25 systems to be terminated are shown in the table below. The GFEBS program will conduct a business case analysis on the 34 additional systems to decide on their termination. The dates in the table below are tentative dates – the integration of the systems will begin in 2006, and the detailed integration and termination schedule will be determined in the program initiation phases (post-award).

<b>System Name</b>	<b>Termination Date</b>
Fadtool	August 2008
MS Access dat....	August 2008
ATLAS	August 2008
Government Transportation System (GTS)	August 2008
DARS	August 2008
IPAC Wizard	August 2008
Standard Finance System (STANFINS)	August 2008
Web Commitment Account System (WebCAS)	August 2008
Installation Supply Buffer	August 2008
STARS One Pay	August 2008

Defense Joint Accounting System (DJAS)	August 2008
ACQUILINE/PR Web	May 2009
Operational Data Store	May 2009
OLRV	May 2009
ARCS	May 2009
PARSS	May 2009
Army Shared Knowledge-Financial Management (ASK-FM)	May 2009
PROBE	May 2009
AVPRAT	May 2009
SCRT	May 2009
Commercial Accounts Processing System (CAPS)	May 2009
SLAD	May 2009
CRP	May 2009
Standard O&M R&D System (SOMARDS)	May 2009
VPIS	May 2009

The Army has made significant progress to correct deficiencies in reporting equipment, inventory, and environmental liabilities. These improvements include:

Defense Property Accountability System (DPAS) Implementation – DPAS is an automated and integrated property and financial system used to account for Army installation equipment that captures accounting and depreciation data, and provides full visibility of Army’s capital assets. In FY 2001, we implemented DPAS to 216 Army sites.

Accounting for Military Equipment – Effort to establish, issue and implement Army guidance based upon OUSD(ATL) business rules to account for military equipment on the Army’s balance sheet.

Accounting for Internal Use Software - Identifies, values and accounts for all business software products used throughout the Army for recording on the Army’s balance sheet.

Accounting for Government Furnished Equipment (GFE) - Army-wide effort to establish visibility and financial reporting of GFE in the custody of contractors. Proof of concept completed in April 2004. Full implementation targeted for the end of FY2006.

Real property data clean-up in the Army National Guard (ARNG) – Effort to implement standard operating procedures for accurate real property accountability throughout the ARNG state real property offices.

Property Book Unit Supply Enhanced (PBUSE) - Web-based, fully interactive property accountability system for deployable Army units. Provides major improvement to operational readiness, timely and accurate information flow, and asset visibility including forward operations.

Environmental Liabilities Process Improvements – The Army Environmental Center developed the “Cost to Complete Handbook for Environmental Liabilities” to address the material weaknesses surrounding the reporting for Environmental Liabilities on the Army’s balance sheet. The Army also continues to refine cost estimating tools to ensure that environmental liability estimates are complete and supported.

Hearing Date: November 18, 2004  
Committee: SASC  
Member: Senator Nelson  
Witness: Honorable Valerie Lynn Baldwin  
Question: #38

**STATUS OF FINANCIAL MANAGEMENT REFORM**

Question: Ms. Baldwin, the Defense Integrated Military Human Resource System (DIMHRS) is scheduled for implementation beginning with the Army in FY05. Will the integrated personnel and pay action be fully functional at that time?

Answer: My understanding is that initial DIMHRS fielding to the Army will begin in March 2006, and that integrated personnel and pay actions will be functional at that time. The Under Secretary of Defense for Personnel and Readiness (USD-P&R) is the lead for DIMHRS and can provide better details on DIMHRS functionality and schedule.

Hearing Date: November 18, 2004  
Committee: SASC  
Member: Senator Nelson  
Witness: Honorable Valerie Lynn Baldwin  
Question: #39

**STATUS OF FINANCIAL MANAGEMENT REFORM**

Question: Ms. Baldwin, will one transaction update both the personnel and pay records simultaneously?

Answer: My understanding is that the personnel and pay integration within DIMHRS means those personnel updates will result in the simultaneous and automatic update of pay based on the initial processing of any personnel actions affecting pay. The USD-P&R is the lead for DIMHRS and can provide better details on DIMHRS functionality.

Hearing Date: November 18, 2004  
Committee: SASC  
Member: Senator Nelson  
Witness: Honorable Valerie Lynn Baldwin  
Question: #40

**STATUS OF FINANCIAL MANAGEMENT REFORM**

Question: Ms. Baldwin, is there a test plan to ensure there is not a repeat of the pay problems the Air Force encountered when Military Personnel Data System (MilPDS) was implemented a couple of years ago, realizing that the lack of testing caused major military pay problems within the Air Force?

Answer: The DIMHRS office, under the USD-P&R, assures me that DIMHRS will be properly tested before fielding begins.